ത്തന്നാൽ കൊള്ളാമെന്നുള്ള അപേക്ഷയോടുകൂടി ഞാൻ ഇതിനെ പിൻ വലിക്കുന്നു.

Motion was, with leave, withdrawn.

(23) Reduction of Water Cess by 50 per cent for new conversion.

Mr. A. Eachara Menon:—This resolution was sent long before the notification in the Gazette where the Government had been pleased to give a remission of the whole kisth. So I do not move it.

The following resolution was, with leave withdrawn.

"This Council recommends to the Government that the water cess of Rs. 5 per acre for new conversions be reduced by 50 per cent".

(24) Refunding of income-tax on kuri 'Leladayam'.

Mr. E. Ikkanda Warriar:— Sir, I move that *"In view of the recent ruling of the Chief Court on the question of collecting income tax on kuri leladayam* (കുറി ലേലാദായം) *this Council recommends to the Government to refund all amounts collected by them which they would not have so collected if they had known that the law was as now laid down by the Chief Court".*

Sir, the leladayams, i. e., the discounts that are usually allowed in kuries were considered as an income for the purpose of taxation by the Income Tax Officers and were taxed. On the face of it, that collection was considered to be very inequitous. It is practically a paper adjustment. They do not get anything in cash. Appeals were preferred and the Chief Court has now finally set at rest the law by holding that these leladayams cannot be taxed. How it works out we shall see. On account of this wrong interpretation given to the law by the Income Tax Department they have collected taxes from persons who according to law are not bound to pay. It is not only the actual leladayam that are taxed. Persons who would not have come under the law of taxation, i. e., persons whose income would not have been Rs. 2000, had to be taxed on account of this interpretation because if this fictitious amount is also added on to the actual income of the assessee the total becomes taxable. Suppose a man's income is only Rs. 1,900. He will not be taxed. But if he gets a small reduction of Rs. 101 or even Rs. 100 by means of leladayam or adjustments in the accounts he will be taxed for Rs. 2,000. This collection is on the face of it illegal. The Government had no power to collect it. They had been collecting it for the last two years. The resolution requests the Government to refund the amounts so illegally collected. I think it is only just and fair that the Government when they understand

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